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SUBJECT: LITHUANIA: KRAFT FOOD'S CORPORATE EXCELLENCE

REF: STATE 64726

¶1. Summary: Mission Vilnius nominates Kraft Foods Lithuania for the Corporate Excellence Award in the multinational enterprise (MNE) category. In advancing this nomination, we highlight the enormous contributions Kraft Foods Lithuania has made to Lithuania's business culture and society at large by implementing model management practices and efficient production processes, providing an exceptional work environment for its employees, promoting local culture and sponsoring world-class international cultural events, and encouraging civic responsibility and volunteerism. End Summary.

FROM SOVIET TO SUCCESS

¶2. Established in 1993, Kraft Foods Lithuania represents one of the most successful privatizations in Lithuania. Kraft's success came from its effort to maximize the involvement of local talent to turn an old, Soviet-style chocolate factory into a state-of-the-art confectionary plant providing employment to over 600 people. By demonstrating responsible and ethical corporate conduct, the company has become an example of good business practices. Through its active participation in a number of social programs, Kraft Foods has contributed significantly to the social welfare of the people of Lithuania.

A GREAT PLACE TO WORK

¶3. Its prominent role in the economy and exemplary employment practices has made Kraft one of the most desirable places to work in Lithuania. In a TNS Gallup survey this year of the companies that Lithuanians most want to work for, Kraft Foods came in third. It offers its employees not only vocational training opportunities, but actively encourages them to pursue their education with flexible working hours, a practice extremely unusual in Lithuania.

EXEMPLARY CORPORATE CITIZENSHIP

¶4. Kraft has implemented a wide range of projects that contribute to the well-being of the community, and spends approximately USD 200,000 annually on various social programs, which equates to approximately six cents for every man, woman, and child in the country. Kraft Foods has actively supported the overall development of the city of Kaunas, its home base, by sponsoring a variety of local events and social programs. In addition, Kraft has led the way on unique national programs that demonstrate its exemplary corporate citizenship. These include the nation-wide "Food Bank" and "Fight Hunger" campaigns, which help provide food to poor families. The company has initiated the establishment of, and has been the main sponsor of, the Lithuanian Children's Basketball

League -- a highly visible program in a country where basketball is easily the most popular sport. Kraft also sponsors major Lithuanian festivals like the Dainu Dainele (children's song contest) and the ten-day-long Kaunas Jazz Festival, Lithuania's premiere jazz festival. These major national events attract tens of thousands of participants and spectators every year.

PRESIDENTIAL KUDOS FOR KRAFT

15. Lithuania's President, Valdas Adamkus, has officially recognized Kraft's employees for their exceptional record of volunteerism, and has highlighted particularly their participation in providing food to needy families and raising money for orphanages. In his official statement of congratulations, President Adamkus thanked Kraft's employees for providing a model of "how to take care of [one's] country."

COMMENT: AN EXAMPLE FOR THE REGION

16. Lithuania could use more companies like Kraft Foods. In a region where too many businesses are associated with scandals, still-lingering Soviet-era business practices, and ethically-suspect activities, Kraft Foods sets a clear example of what businesses should strive to become.

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